

## 8TELECOM INTERNATIONAL HOLDINGS CO. LTD.

(Registration No. 34713)  
(Incorporated in Bermuda)

1(a) (i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

### CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME For the first quarter ended 31 March 2017

	<u>GROUP</u>		<u>+ / (-) %</u>
	<u>2017Q1</u>	<u>2016Q1</u>	
<u>Continuing operations</u>	<u>SGD'000</u>	<u>SGD'000</u>	
Revenue	-	-	-
Cost of sales	-	-	-
<b>Gross profit</b>	-	-	-
Other operating income	48	-	n/m
Selling expenses	(24)	-	n/m
Administrative expenses	(541)	(119)	(355)
Finance costs	(9)	-	n/m
<b>Loss before income tax</b>	<b>(526)</b>	<b>(119)</b>	<b>(342)</b>
Income tax expense	-	-	-
<b>Loss for the period from continuing operations</b>	<b>-</b>	<b>(119)</b>	<b>-</b>
<b>Discontinued operations (Note A)</b>			
Profit for the period from discontinued operation	-	323	(100)
<b>Loss/(Profit) for the period, representing total comprehensive income for the period</b>	<b>(526)</b>	<b>204</b>	<b>(358)</b>
<b>Total comprehensive income attributable to:</b>			
Equity shareholders of the company	(393)	204	n/m
Non-controlling interest	(133)	-	n/m
	<b>(526)</b>	<b>204</b>	<b>n/m</b>

**n/m: not meaningful.**

## **Note A - Discontinued operations**

On 15 March 2016, the Company has obtained shareholders' approval at the Special General Meeting ("SGM") for the Proposed Disposal of the Company's entire interests in its two wholly-owned subsidiaries, East Jade International Limited and Aim Tech Network Investment Limited ("Disposal Group") to Manfaith Investment

	<b>GROUP</b>		
	<b><u>2017Q1</u></b>	<b><u>2016Q1</u></b>	<b><u>+ / (-) %</u></b>
	<b>SGD'000</b>	<b>SGD'000</b>	
<b><u>Discontinued operations</u></b>			
<b>Revenue</b>	-	<b>22,975</b>	<b>(100)</b>
Cost of sales	-	(19,846)	<b>(100)</b>
<b>Gross profit</b>	-	<b>3,129</b>	<b>(100)</b>
Other operating income	-	692	<b>(100)</b>
Changes in fair value of other financial assets	-	-	<b>(100)</b>
Selling expenses	-	(851)	<b>(100)</b>
Administrative expenses	-	(1,897)	<b>(100)</b>
Finance costs	-	(379)	<b>(100)</b>
<b>Profit before income tax</b>	-	<b>694</b>	<b>(100)</b>
Income tax expense	-	(372)	<b>(100)</b>
<b>Profit for the period (discontinuing operations)</b>	-	<b>322</b>	<b>(100)</b>

1(a)(ii) Profit before income tax was arrived at after (crediting) charging the following:

	<b><u>2017Q1</u></b>	<b><u>2016Q1</u></b>	<b><u>+ / (-) %</u></b>
<b><u>Continuing operations</u></b>			
Finance cost	9	-	n/m
<b><u>Discontinued operations</u></b>			
Allowance for doubtful trade receivables	-	74	<b>(100)</b>
Depreciation and amortisation expense	-	532	<b>(100)</b>
Finance cost	-	379	<b>(100)</b>
Interest income	-	(97)	<b>(100)</b>
Government grants	-	(542)	<b>(100)</b>
Research costs	-	784	<b>(100)</b>
Net exchange loss	-	-	<b>(100)</b>

n/m: not meaningful.

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

## STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	<u>As at</u> <u>31/3/2017</u> <u>SGD'000</u>	<u>Group</u> <u>As at</u> <u>31/12/2016</u> <u>SGD'000</u>	<u>+ / (-) %</u>	<u>As at</u> <u>31/3/2017</u> <u>SGD'000</u>	<u>Company</u> <u>As at</u> <u>31/12/2016</u> <u>SGD'000</u>	<u>+ / (-) %</u>
<b>ASSETS</b>						
<b>Current assets:</b>						
Cash and bank balances	313	468	(43)	2	13	(85)
Trade receivables	8	12	(33)	-	-	-
Amount due from subsidiaries	-	-	-	23	53	(57)
Other receivables and prepayments	238	34	781	26	13	100
<b>Total current assets</b>	<b>559</b>	<b>514</b>	<b>9</b>	<b>51</b>	<b>80</b>	<b>(36)</b>
<b>Non-current assets:</b>						
Investment in subsidiaries	-	-	-	2	2	-
Fixed Deposit	80	80	n/m	-	-	-
Property, plant and equipment	93	106	(13)	-	-	-
<b>Total non-current assets</b>	<b>173</b>	<b>186</b>	<b>(8)</b>	<b>2</b>	<b>2</b>	<b>-</b>
<b>Total assets</b>	<b>732</b>	<b>700</b>	<b>(5)</b>	<b>53</b>	<b>82</b>	<b>(35)</b>
<b>LIABILITIES AND EQUITY</b>						
Trade payables	-	-	-	-	-	-
Loan from related party	1,750	1,299	34	100	-	n/m
Amount due to subsidiaries	-	-	-	-	2	(100)
Other payables and accrued expenses	2,731	2,653	(30)	2,699	2,503	8
<b>Total current liabilities</b>	<b>4,481</b>	<b>3,952</b>	<b>13</b>	<b>2,799</b>	<b>2,505</b>	<b>(12)</b>
<b>Equity</b>						
<b>Capital and reserves attributable to equity holders of the Company</b>						
Share capital	165	165	-	165	165	-
Treasury shares	(27)	(27)	-	(27)	(27)	-
Other reserves	318	318	-	318	318	-
Accumulated losses	(3,707)	(3,343)	(13)	(3,203)	(2,881)	(11)
	(3,251)	(2,887)	(13)	(2,746)	(2,423)	(13)
Non-controlling interests	(498)	(365)	(35)	-	-	-
<b>Total equity</b>	<b>(3,749)</b>	<b>(3,252)</b>	<b>(15)</b>	<b>(2,746)</b>	<b>(2,423)</b>	<b>(13)</b>
<b>Total liabilities and equity</b>	<b>732</b>	<b>700</b>	<b>5</b>	<b>53</b>	<b>82</b>	<b>(35)</b>

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Continuing operations

Amount repayable in one year or less, or on demand

<u>As at 31 March 2017</u>		<u>As at 31 December 2016</u>	
<u>SGD'000</u>		<u>SGD'000</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
-	1,750	-	1,299

Amount repayable after one year

<u>As at 31 March 2017</u>		<u>As at 31 December 2016</u>	
<u>SGD'000</u>		<u>SGD'000</u>	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
-	-	-	-

**1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**CONSOLIDATED STATEMENT OF CASH FLOWS (SGD'000)**  
For the first quarter ended 31 March 2017

	<b>GROUP</b>	
	<b><u>2017Q1</u></b>	<b><u>2016Q1</u></b>
	<b>SGD'000</b>	<b>SGD'000</b>
<b>Cash flows from (used in) operating activities:</b>		
Loss before income tax		
- Continuing operations	(393)	(119)
- Discontinuing operations	-	694
	<hr/>	<hr/>
	-	575
Adjustments for:		
Depreciation and amortisation expense	13	532
Translation adjustment	26	74
Allowance for doubtful trade receivables	9	379
Finance costs	-	(97)
Interest income	<hr/>	<hr/>
Operating profit before working capital changes	(345)	1,463
Trade receivables	(8)	2,931
Other receivables and prepayments	(193)	2,556
Construction contracts	-	(6,945)
Inventories	-	108
Properties under development	-	(5,047)
Trade payables	-	2,774
Other payables and accrued expenses	(167)	12,448
Cash generated from (used in) operations	<hr/>	<hr/>
	(713)	10,256
Interest received	-	95
Interest paid	(9)	(1,500)
Income tax paid	-	(103)
	<hr/>	<hr/>
Net cash from (used in) operating activities	(722)	8,749
	<hr/>	<hr/>
<b>Cash flows used in investing activities:</b>		
Proceeds from disposal of financial assets at fair value through profit or loss	(133)	-
Increases in non-Controlling Interest	-	(3,361)
Advances to a related party	-	2,507
Advances from a related party	-	(156)
Addition of land use rights	-	(494)
Purchase of property, plant and equipment	<hr/>	<hr/>
Net cash used in investing activities	(133)	(1,503)
	<hr/>	<hr/>

**CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)**  
**For the first quarter ended 31 March 2017**

	<b>GROUP</b>	
	<b><u>2017Q1</u></b>	<b><u>2016Q1</u></b>
	<b>SGD'000</b>	<b>SGD'000</b>
<b>Cash flows from (used in) financing activities:</b>		
Repayments of short-term bank loans	-	(35,095)
Increase in short-term bank borrowings	-	37,811
Increase in long-term bank loans	-	1,028
Advances from a related party	700	2,089
Repayment of advances to a related party	-	(1,170)
Pledged fixed deposits	-	(178)
Net cash from (used in) financing activities	<u>700</u>	<u>1,388</u>
Net decrease in cash and cash equivalents	(155)	(12,299)
Cash and cash equivalents at beginning of period	468	33,899
<b>Cash and cash equivalents at end of period (Note 1)</b>	<b><u>313</u></b>	<b><u>42,532</u></b>

**Note 1:**

	<b>GROUP</b>	
	<b><u>2017Q1</u></b>	<b><u>2016Q1</u></b>
	<b>SGD'000</b>	<b>SGD'000</b>
Cash and bank balances	313	48
Cash and bank balances classified as held for sale	-	55,332
Less: Fixed deposits pledged	-	(12,848)
Cash and cash equivalents at end of period	<u>313</u>	<u>42,532</u>

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Attributable to equity holders of the Company

	Share capital	Treasury shares	Share premium	Other reserve	Capital reserve	Share based payment reserve	Asset revaluation reserve	Accumulated losses	Non-controlling interest	Total equity
	<u>SGD'000</u>	<u>SGD'000</u>	<u>SGD'000</u>	<u>SGD'000</u>	<u>SGD'000</u>	<u>SGD'000</u>	<u>SGD'000</u>	<u>SGD'000</u>	<u>SGD'000</u>	<u>SGD'000</u>
<u>Group</u>										
<b>Balance as at 1 January 2017</b>	<b>165</b>	<b>(27)</b>	-	-	-	<b>318</b>	-	<b>(3,278)</b>	<b>(366)</b>	<b>(3,188)</b>
Translation difference	-	-	-	-	-	-	-	(36)	1	(35)
Loss for the period	-	-	-	-	-	-	-	(393)	(133)	(526)
<b>Balance as at 31 March 2017</b>	<b>165</b>	<b>(27)</b>	-	-	-	<b>318</b>	-	<b>(3,707)</b>	<b>(498)</b>	<b>(3,749)</b>
<u>Group</u>										
Balance as at 1 January 2016	17,231	(2,797)	25,742	15,418	(2,372)	332	4,492	(57,743)	-	115,790
Income for the period	-	-	-	-	-	-	-	204	-	204
Balance as at 31 March 2016	17,231	(2,797)	25,742	15,418	(2,372)	332	4,492	(57,497)	-	115,994

	Share Capital	Treasury Shares	Share Premium	Share based payment reserve	Accumulated Losses	Total Equity
	<u>SGD'000</u>	<u>SGD'000</u>	<u>SGD'000</u>	<u>SGD'000</u>	<u>SGD'000</u>	<u>SGD'000</u>
<u>Company</u>						
Balance as at 1 January 2017	165	(27)	-	318	(2,886)	(2,430)
Translation adjustment					(63)	(63)
Total comprehensive loss for the period	-	-	-	-	(253)	(253)
Balance as at 31 March 2017	<u>165</u>	<u>(27)</u>	<u>-</u>	<u>318</u>	<u>(3,202)</u>	<u>(2,746)</u>
Balance as at 1 January 2016	17,231	(2,797)	25,742	332	(25)	40,484
Total comprehensive loss for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(119)</u>	<u>(119)</u>
Balance as at 31 March 2016	<u>17,231</u>	<u>(2,797)</u>	<u>25,742</u>	<u>332</u>	<u>(144)</u>	<u>40,365</u>



**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares of the issuer, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There were no changes in the company's share capital during the first quarter ended 31 March 2017.

As announced by the Company on 15 March 2016, the Proposed Capital Reorganisation was duly approved by the Shareholders at the Special General Meeting of the Company held on 15 March 2016. As announced on 22 July 2016, the Proposed Capital Reorganisation was completed on 23 July 2016.

The number of ordinary shares held as treasury shares as at 31 March 2017 was 3,150,000 shares (31 December 2016: 3,150,000 shares).

As at 31 March 2017, there were no shares that may be issued on conversion of any outstanding convertibles or share option (2016: Nil).

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The total number of issued shares excluding treasury shares as at 31 March 2017 is 92,630,849 shares (31 December 2016: 92,630,849 shares).

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the current financial period reported on.

**2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the unaudited financial statements for the current financial period as those of the audited financial statements for the year ended 31 December 2015.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Company has disposed its entire interests in its two wholly-owned subsidiaries, East Jade International Limited and Aim Tech Network Investment Limited (“Disposal Group”) to Manfaith Investments Ltd. for a consideration of RMB 420 million on 23 July 2016. Upon the disposal the Company is focusing on developing the business of information-communication services through its subsidiary Arete M Pte. Ltd, which operates in Singapore.

As such, the primary economic environment in which the Company operates in has changed. Following the requirement of IAS21, the Company has adopted Singapore Dollar as the functional currency with prospective changes from 1 Jan 2017.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	<u>GROUP</u>	
	<u>2017Q1</u>	<u>2016Q1</u>
<u>Continuing operations</u>		
Basic EPS (SGD cents)	(0.01)	(0.13)
Basic EPS (SGD cents)	(0.01)	(0.13)
<u>Discontinuing operations</u>		
Basic EPS (SGD cents)	-	0.35
Diluted EPS (SGD cents)	-	0.35

The calculation of basic earnings per ordinary share for 2017Q1 and 2016 Q1 were based on 92,630,849 ordinary shares in issued.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**  
**(a) current financial period reported on; and**  
**(b) immediately preceding financial year.**

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>31/03/2017</u>	<u>31/12/2016</u>	<u>31/03/2017</u>	<u>31/12/2016</u>
Net asset value per ordinary share (SGD cents)	(0.04)	(0.03)	(0.03)	(0.03)

\* based on the existing number of shares in issue of 92,630,849 ordinary shares (2016: 92,630,849 ordinary shares).

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group’s business. It must include a discussion of the following:-**  
**a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**  
**b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

## Consolidated Statement of Profit and Loss and Other Comprehensive Income

A breakdown of the Group's revenue by product segments:

	2017Q1 SGD '000	2016Q1 SGD '000	Chg %
<b><u>Discontinued Operations</u></b>			
Telecommunication pipes	-	1,684	(100.00)
Telecommunication & other towers	-	9,894	(100.00)
Telecommunication engineering services	-	11,120	(100.00)
Property	-	414	(100.00)
<b>Total revenue</b>	<b>-</b>	<b>23,112</b>	<b>(100.00)</b>

## Consolidated Statement of Profit and Loss and Other Comprehensive Income

The Group has consolidated the results of its 51% subsidiary as of 1 August 2016, Arete M Pte. Ltd ("Arete M"), reflecting the management of 8Telecom has been actively involved in Arete M's operation following the disposal of the business of the discontinued operations.

The revenue of continuing operations consist of service rendered in relation to provision of networking solutions from August 2016 onwards.

The Group's total selling and administrative expenses and finance costs for continuing operations has increased from SGD 119 thousand to SGD 541 thousand. This is due to the consolidation of Arete M since 1 August 2016.

The Group recorded total comprehensive loss of SGD 526 thousand as compared to total comprehensive income of SGD 204 thousand generated during the same period in 2016.

### Statement of Financial Position

Total assets amounted to SGD 732 thousand as at 31 March 2017, which comprised of SGD 559 thousand of current assets and SGD 173 thousand of non-current assets.

Total liabilities amounted to SGD 4.5 million as at 31 March 2017, which were all represented by current liabilities.

### Consolidated Statement of Cash Flows

There was an outflow of SGD 722 thousand from operating activities for the period ended 31 March 2017 as compared to an inflow of SGD 8.8 million for the period ended 31 March 2016. The decrease was due to the disposal of the discontinued operations and partially offset by the administrative expenses of Arete M as the Group consolidated Arete M's results since 1 August 2016.

Cash and cash equivalents as at 31 March 2017 is approximately SGD 313 thousand, a decrease of SGD 42.2 million as compared to SGD 42.5 million as at 31 December 2016.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that**

**may affect the group in the next reporting period and the next 12 months.**

The management of 8Telecom is of the opinion that the demand of the services from Arete M is going to bring substantial growth potential to the Group in the longer term. The Group is focusing on assisting Arete M to secure sufficient capital to support its future growth in information-communication services industry.

During the first three months of 2017, Arete M has engaged in depth discussions with several customers regarding the provision of private LTE network services. These customers are based in Singapore and have expressed strong interest in such services. The contracts have not been concluded as of 31 March 2017 therefore the Group was unable to recognise any revenue.

To support the ongoing operation of the Group for the next 12 months, the Group is working with the shareholders of the Company to raise cash to sustain its operation and support future growth.

## **11. Dividend**

### ***(a) Current Financial Period Reported On***

Any dividend declared for the current financial period reported on?

None

### ***(b) Corresponding Period of the Immediately Preceding Financial Year***

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

### ***(c) Date payable***

Not applicable

### ***(d) Books closure date***

Not applicable

## **12. If no dividend has been declared/recommendeded, a statement to that effect.**

Not applicable.

## **13. Confirmation pursuant to Rule705(5) of the SGX Listing Manual**

The Board has confirmed that to the best of its knowledge, nothing has come to its attention which may render the unaudited financial statements of the Company or the unaudited consolidated financial statements of the Group for the first quarter ended 31 March 2017 to be false or misleading in any material respect.

## **14. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group has not obtained a general mandate from shareholders for IPTs.

## **15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).**

The Company confirms that all the required undertakings under Rule 720(1) of the SGX listing Manual have been obtained from its Directors in the format set out in Appendix 7.7 of the SGX Listing Manual. As at the date of this announcement, the Group has a CFO.

**FOR AND ON BEHALF OF THE BOARD**

**Wilson Lim Tiong How**  
**Non-independent and Non-executive Director**  
**15 May 2017**